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Netherlands

Solid Wood Products

Annual

2004

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Report Highlights:
Wood demand is expected to increase in 2004 due to higher investment in the overall construction sector and more spending on furniture and interiors.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
The Hague [NL1]
[NL]

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Executive Summary

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Policy

The Netherlands

Dutch Forestry Policy is detailed in the "Nota Natuur, bos en Landschap in de 21e eeuw; Natuur voor Mensen, Mensen voor Natuur", and administered by the Ministry of Agriculture, Nature and Food Quality. See http://www.minlnv.nl/thema/groen/natuur/nbl21/

Trade barriers that constrain imports of US wood products into the Netherlands:
- Import duties and VAT for US wood and wood products for the Dutch market see: www.douane.nl/taric-nl/
- Restrictions on treated wood imports see: www.vhn.org

NOTE: Links are often in Dutch, contact the Office of Agriculture Affairs in The Hague if further assistance is necessary.

The European Union

EU regulations on solid wood products, please contact:

The U.S. Mission to the European Union
Office of Agricultural Affairs
Boulevard du Regent 27
B-1000 Brussels, Belgium
Tel: 32-2-508-2760
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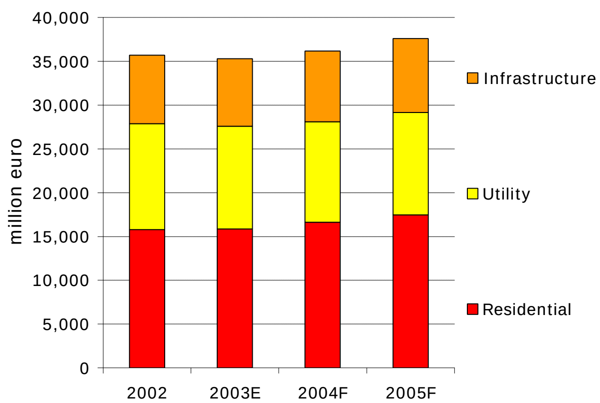
www.useu.be/agri

Construction Sector

After 2 years of decreases, investment in the construction sector is expected to increase by 2.5 percent in 2004. This will result in an increase in demand for wood products. Expected growth in the residential sector will more than compensate for an expected decline in utility and infrastructure construction.

Figure 1: Overview of the Dutch Construction Section



Source: ministry VROM, FAS estimates

Residential: Facts and Figures
Investment in the residential construction sector dropped by 4.6% to EURO 15,8 billion in 2002. Spending in the sector did not change in 2003 but is expected to grow by 5% in 2004. The two main factors behind this growth are (1) the expected increase of the Dutch GDP by 1% and (2) the expectation that consumers are regaining confidence in the economy.

Residential: Changes and Challenges
The Dutch Door, Frame and Stairs industry consists of a few hundred producers, manufacturing exterior doors, interior doors, stairs and frames. For the Dutch Door, Frame and Stairs Industry the future looks difficult. Despite the fact that the residential construction sector is recovering from a period (2001-2003) of low investment, they face increasing competition from low labor-cost countries. Some 10 to 20% of Dutch capacity has moved to these countries to be closer to raw materials and to take advantage of lower production costs.

The Dutch Doors, Frame and Stairs industry uses wood, synthetic and steel as input. Wood is by far the most-used material. Doors and Stairs are generally made from wood, while doorframes are sometimes made from steel and/or synthetics. Compared to other European countries the use of synthetics and steel in Dutch residential construction is low.

Scandinavian woods are very popular with the industry because of their low price and durable quality. In addition, distance, transportation time and logistics add to their popularity. US softwood is less popular. Species like Douglas Fir, Hemlock, Yellow Pine and Balsam are used for interior doors while Western Red Cedar and Red Wood is more used for exterior doors.

Utility: Facts and Figures

The Utility sector includes the Government sector (government, education and healthcare) and the Private sector (agriculture, industry, trade, hotels and restaurants, transport, communication and service).

During 2002, for the first time since 1994, investment in the utility sector dropped. The value decreased by 5.2% to EURO 12.1 billion. The value of the sector last year dropped by another 3.4% to EURO 11,7 billion and is expected to drop even further to EURO 11,5 billion this year. Recovery is not expected before 2005 or even 2006.

Figure 2: overview of the Dutch construction sector

	2002	2003	2004	2005
Government sector	8,780	8,100	7,750	7,830
Private sector	3,340	3,630	3,730	3,870
Utility sector	12,120	11,730	11,480	11,700

Source: Ministry VROM

Utility: Changes and Challenges

The slowdown in the economy, disappointing developments on the stock market and within the Information and Communication Technology (ICT) sector and the rise and fall of the dotcom industry, hit the corporate sector in the Netherlands severely. The overcapacity in the Dutch office-space sector is huge. Currently, the Netherlands has an office space surplus of 1.2 million square meters.

Also the Dutch Trade and HRI sector have suffered from the slow economy. Specifically the HRI sector is going through some stormy times as they are faced with consumers' unwillingness to spend freely.

Doors, Frames and Stairs used in the utility sector are still predominantly made from wood. Synthetic and steel is still used on a limited scale. Also for this industry, wood from Scandinavia and the Baltic states is very popular.

Infrastructure: Facts and Figures

Investment in the infrastructure sector dropped by 3% to EURO 7,8 billion in 2002. This trend continued through 2003. This year, investments are expected to grow by over 4% to EURO 8,0 billion. Government's spending priorities, which change from year to year, are difficult to predict and will determine future investment in infrastructure.

Infrastructure: Changes and Challenges

Use of wood in the Infrastructure Construction is very small compared to the Residential and Utility Construction sectors.

Furniture and Interiors Sector

Furniture and Interiors: Facts and Figures

The total turnover of the Dutch furniture sector in 2002 was EURO 2.1 billion, 2.8% lower than the preceding year. In 2000, the industry's turnover was over 2.3 billion EURO. For 2003, the CBM estimates a further decline in total turnover of 5%. This year turnover is expected to grow and that growth is to continue into 2005, driven by growth in GDP and increasing consumer' willingness to spend on consumer goods. This trend will have a positive effect on wood demand in the Dutch furniture and interiors sector.

Furniture and Interiors: Changes and Challenges

The Dutch furniture and interior sector is a major importer of wood components and semi-manufactured products. Currently, the majority of those products come from neighboring Germany and Belgium and some semi-manufactured products from Italy and Spain. However, current E.U. countries are losing market share at the expense of Central and Eastern European Countries and Asia, due to their cost price advantage and access to abundant raw materials.

Figure 3: Total imports of furniture

	2001	2002	% Change
Wood	1,085	1,072	- 0.2
Metal	316	277	-12.3
Synthetic	310	340	+9.6
Total	1,711	1,689	-7.1

Source: CBS

Trends in the Dutch Furniture and Interior Sector are:

Furniture:

- Desire for bigger tables.
- Strong preference for wood or a combination with wood as material for furniture.
- Preference for walnut, cherry and oak.
- Wood end-products must have a natural and light look.
- American walnut is popular.
- American red oak is losing popularity at the expense of European oak.
- Wood combined with steel is gaining popularity.
- Certified wood is slowly gaining market share due to sustained promotional efforts.

Flooring:

- Laminate is passé, wooden floors with knots is in (again natural look).
- Popularity: 1) oak, 2) beech and 3) hard maple.

Interior:

- Natural look is preferred.
- Wood combined with glass and stainless steel.

Material Handling Sector

Material Handling: Facts and Figures

The Dutch Material Handling sector is dominated by the pallet industry, worth EURO 250 million. Smaller industries include the industrial packaging and the lightweight case industry worth EURO 100 million and EURO 25 million, respectively.

Material Handling: Changes and Challenges

Annually, approximately 18 million new wooden pallets are annually produced. This involves the use of almost 1-million cubic meters of wood. A mere 8 percent is Dutch wood and the rest imported. Traditionally, the main supplying regions are Scandinavia, the Baltic States and Southern and Central Europe. US wood is not used in the Dutch material-handling sector and this is not expected to change in 2004.

Dynamics in the Dutch Material Handling Industry are:
Substitution:

- The material handling industry relies heavily on the use of wood. It is expected that this will not change within the near future. In some markets, for instance the food market, the use of plastic has increased.

EU-enlargement:

- Due to the enlargement of the EU with 10 new central and eastern European countries this year, the import of pallets from these countries is expected to increase. In addition, due to the lower labor costs in this region, it is expected that the Dutch industry will gradually move to this area. On the other hand, because of the enlargement, the Dutch will expand their transportation and logistics activities in the material handling industry.

ISPM 15:

- The Dutch industry has invested to fully comply with the new ISPM 15 guidelines on Wood Packaging. For more information on ISPM 15, see www.smhv.nl.

NOTE: Links are often in Dutch, contact the Office of Agriculture Affairs in The Hague if further assistance is necessary.

Pulp and Paper Sector

In value, the Dutch pulp and paper industry dominates the import market of wood and wood products. Over 50 percent of import value is generated by this sector. Main suppliers are Germany (25%), Sweden (21%), Finland (12%) and Belgium (12%). The market share of the US is very small, supplying pulp and paper for the graphics industry, and expected to remain stable in 2004.

Figure 4: US exports of paper and pulp to the Netherlands

Source: www.vnp-online.nl

NOTE: Knowing that the Netherlands is a big trader in paper and pulp, it is difficult to analyze what percentage of US imports are used in the Netherlands and what percentage is re-exported. The high market share of Belgium can also be explained as a consequence of the high volume of regional trade through the Netherlands (Imported in Antwerp but destined for the Dutch market).

Tropical Wood

The use of tropical wood is declining in the Netherlands. Between 1992 and 2002 use fell from approximately 815,000 m3 to 567,000 m3, respectively. Decreases in use are noticeable in lumber, round wood and plywood and veneer. This trend is expected to continue.

Marketing

The following trade shows are planned in the Netherlands:

Bouw RAI
RAI, Amsterdam, Netherlands
30 March – 2 April 2004
www.bouwrai.nl

Interieurbouw Vakbeurs en Hout & Kunststof Vakbeurs
Evenementenhal Hardenberg, Netherlands
31 August – 2 September 2004

Hout Dag
Ahoy, Rotterdam, Netherlands
26 – 30 October 2004
www.hout.nl

Internationale Bouw Beurs
Jaarbeurs, Utrecht, Netherlands
21 – 26 February 2005
http://sites.vnuexhibitions.com/sites/bouwbeurs/nl/index.asp

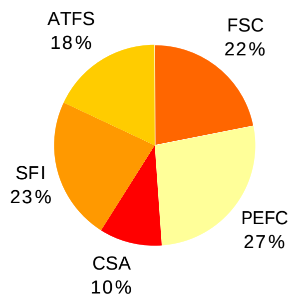
Logistica Beurs
Jaarbeurs, Utrecht, Netherlands
November 2006
www.logistica.nl

Certification

Both product certificates (for wood products) and process certificates (for the management of forests and the management of harvesting, trading and processing) are increasingly common in the Netherlands.

Discussions on tropical wood have triggered several initiatives aimed at improving forestry management. Some 10 percent of Dutch wood consumption is tropical wood and originates from countries such as Malaysia, Indonesia, Cameroon and Gabon. To promote wood harvesting from forests where reforestation is pursued, several certification arrangements have been developed.

Figure 5: Market shares of several global certification initiatives, 2003



Source: Stichting Bos en hout

One certification initiative known globally is the Forest Stewardship Council (FSC), established in 1993. Due to variations in certification criteria around the world, FSC-NL was developed for the Netherlands. In 2001, close to one-third of Dutch forests were certified FSC. The total availability of FSC certified wood on the Dutch market equals almost 7 percent of the total consumption.
More information on FSC-NL can be found on www.fscnl.org.

Another initiative, taken in Europe and launched in 1999, is the Pan European Forest Certificate (PEFC). More information on PEFC can be found on www.pefc.org.

With imports meeting 90% of domestic needs, several other programs cover wood coming to the Netherlands. To make sure that all these certificates meet the requirements the Dutch industry sets, the Netherlands Timber Trade Association evaluates every certificate program.

Besides certifying wood products, the management of wood harvesting, trading and processing can also be certified. Certifying initiatives include ISO system, VCA certification and the ErBo Regeling. More information can be found on www.bosschap.nl.

For more information on product certification contact the Netherlands Timber Trade Association at
http://www.centrumhout.nl/vvnh/vvnheng.html.

Trends in the certified wood products market on the Dutch market include:

- There is some certified US wood coming into the Netherlands.
- Demand for certified wood for flooring and furniture sector is still small, demand by the construction sector is increasing.
- Over 40% of available certified wood is sold through Do-It-Yourself chains like Gamma, Praxis and Bouwmarkt.
- In 2001, 469,000 cubic meters round wood equivalents were available on the Dutch market; domestic production (287,000 M3), import (217,000 M3) and export (35,000 M3).
- The available certified wood equaled 7% of total wood availability in 2001. The available volume of certified wood is forecast at 605,000 M3 in 2003, or 8.3% of total availability.
- In the past few years, the share of certified wood on the Dutch market has gone up substantially. Considering the large number of companies and organizations featuring certified wood and that the FSC logo is now well known, further growth can be expected.